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Chief Executive Officer

May 25, 2011

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From: William T Fujioka
Chief Executive Officer

SACRAMENTO UPDATE – ANALYSIS OF THE GOVERNOR’S REALIGNMENT PROPOSAL

This memorandum provides an updated analysis of the Governor’s Realignment Proposal based on changes included in the FY 2011-12 May Revision.

Overview

As previously reported, on February 25, 2011, the Administration released various revisions to the Governor’s January Realignment Proposal in response to concerns raised by counties, the public safety community, and other stakeholders. The first phase of the Realignment Proposal would be implemented in FY 2011-12 and designate \$5.9 billion in funding to initiate the shift of program responsibilities from the State to counties for various public safety programs including: emergency services and fire, court security, local public safety programs, lower-level offenders, adult parole and juvenile justice. The proposal also expanded the definition of public safety to include: child welfare services, foster care, adult protective services, and certain mental health services.

The Governor’s original proposal identified \$5.9 billion in funding for the realigned programs by extending the existing 1.0 percent sales tax rate increase (\$4.5 billion) and the 0.5 percent Vehicle License Fee (VLF) rate increase (\$1.4 billion) for five years, subject to voter approval at a special election originally scheduled for June 2011. The proposal also recommended the realignment of mental health services to be funded

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through the redirection of \$861.1 million in one-time Mental Health Services Act funds in FY 2011-12. Starting in FY 2012-13, these programs would be funded via the proposed sales tax and VLF extensions.

Updated May Revision Realignment Proposal

On May 16, 2011, Governor Brown released his May Budget Revision which retains the original Realignment Proposal to transfer State fiscal and program responsibilities to counties for various public safety, mental health, public health, child welfare services, foster care and adult protective services. **The revised proposal would shift \$5.6 billion in program responsibilities from the State to counties, instead of the \$5.9 billion proposed in the original Realignment Proposal.** The shift would continue to be funded for five years with the proposed extension of the 1.0 percent sales tax increase (\$4.52 billion) and a 0.4 percent VLF rate increase (\$1.08 billion). The May Revision continues to emphasize the Governor's plan for the Legislature to approve a ballot measure to allow California voters to consider the continuation of tax extensions to fund the Realignment Proposal for five years starting in FY 2011-12.

The updated May Revision Realignment Proposal changes some details, but the overall proposal -- shifting low-level offenders, mental health services, and certain human services to counties -- remains the same. The proposal does not identify any new programs to transfer to counties, but the following programs are no longer recommended for realignment:

- **AB 3632 Program.** The May Revision proposes to shift AB 3632 mental health services from counties to schools and provides an increase of \$221.8 million from the State General Fund to shift the responsibility, including out-of-state residential care services. The May Revision also reflects the permanent repeal of the AB 3632 mandate on counties and removes these services from the Realignment Proposal altogether.
- **Cal-FIRE.** The May Revision calls for the removal of fire protection services from the original proposal because the Administration has concluded that this program is not suitable for realignment.
- **State Penalty Funds Subventions to Locals and Public Safety Mandates Programs.** The May Revision removes these two program areas, totaling \$91.4 million, from the Realignment Proposal because of the complicated reimbursement processes, which made shifting them inefficient. These funds were used for peace officer training and were administered by both the Peace Officer Standards and Training Commission and the Corrections Standards

Authority which employed different reimbursement methodologies for cities and counties with varying amounts received each year.

Estimated County Impact

Based on the limited information included in the May Revision, if the Governor's Realignment Proposal is enacted, the County would assume an estimated \$1.74 billion in additional program and financial responsibilities in FY 2011-12, which is projected to increase to an estimated \$1.90 billion by FY 2014-15 when the first phase is projected to be fully implemented.

Attachment I provides the potential impact from the transfer of fiscal responsibilities to the County from phase one of the Realignment Proposal starting in FY 2011-12 through FY 2014-15. Attachment II provides a complete analysis of the specific Governor's proposals affecting County programs.

In comparison to the Governor's February 25, 2011 plan, the revised proposal would affect the County's program and financial responsibilities in FY 2011-12, as follows:

PROGRAMS	Governor's February 25, 2011 Proposal	Governor's May Revision Proposal
Mental Health Programs		
AB 3632 Services	\$ 42,300,000	Removed from Realignment
Managed Care	\$ 62,900,000	\$ 60,600,000
EPSDT Program	\$222,900,000	\$202,700,000
Community Mental Health (1991 Realignment)	\$310,000,000	\$310,000,000
Public Health		
Substance Abuse Treatment Programs	\$ 75,300,000	\$ 75,300,000
Social Services		
Foster Care and Child Welfare Services	\$557,200,000	\$538,800,000
Adult Protective Services	\$ 14,300,000	\$ 14,300,000
Realignment of Public Safety Programs		
Shift of Low-Level Offenders	\$ 85,041,000	\$ 99,759,000
Adult Parole Services	\$ 45,209,000	\$ 50,844,000
Remaining Juvenile Justice Programs	\$ 65,824,000	\$ 65,688,000
VLF Funding for Public Safety Program	\$ 137,100,000	\$135,700,000
Court Security	\$ 161,000,000	\$164,278,000
Cal FIRE	\$ 17,800,000	Removed from Realignment
New Programs		
Existing Juvenile Justice Realignment	\$ 23,000,000	\$ 23,000,000
Currently Funded Public Safety Mandates	\$ 12,780,000	Removed from Realignment
State Penalty Funds Subventions to Locals	\$ 4,600,000	Removed from Realignment
TOTAL	\$1,837,254,000	\$1,740,969,000

Pending Realignment Issues

As the Governor's Realignment Proposal moves through the legislative process, the following issues remain unresolved and would likely be considered over the next couple of weeks.

1. **County-supported ACAx1 2 and SCAx1 1, the Schools and Local Public Safety Protection Act of 2011.** These measures would enact a constitutional amendment to provide counties with constitutional protections for programs proposed for realignment and to seek voter approval of a 5-year extension of approximately \$9.3 billion in FY 2011-12, and \$11.2 billion in tax revenues thereafter. The anticipated revenue would be used to fund \$5.6 billion for the Governor's Realignment Proposal. **According to the May Revision, Governor Brown remains committed to seek voter approval for the tax extensions and constitutional protections for counties at an election at a yet-to-be-determined date; however, the proposed measures require two-thirds vote approval of the Legislature to be placed in a ballot initiative.**
2. **Expiration of the Vehicle License Fee Revenue for Local Public Safety Programs.** The temporary increase in the VLF rate to fund local public safety programs is set to expire on June 30, 2011.

The Governor's Realignment Proposal includes a provision to extend the VLF rate increase for an additional five years. The extension requires a two-thirds vote of the Legislature to place an initiative on a special election ballot later this year for voter approval. However, as of May 24, 2011, the Governor has not been able to secure the required votes in the Legislature for the ballot initiative. In addition, the Legislature has not yet acted on four County-supported measures to extend VLF funding for local public safety programs.

As previously reported, absent the extension of the existing VLF rate or identification of an alternative funding source, the County would lose approximately \$135.7 million in FY 2011-12 for the following public safety programs: Juvenile Probation Camp Funding (\$74.8 million); Citizens Option for Public Safety Program (\$19.9 million); Juvenile Justice Crime Prevention Act (\$25.2 million); various public safety program grants (\$14.4 million); and Jail Booking Fee Subventions (\$1.4 million).

3. **Public Safety Realignment Budget Trailer Bill.** AB 109 (Chapter 15, Statutes of 2011) was signed by the Governor on April 4, 2011. This measure establishes the framework for the shift of low-level offenders from the State to counties;

defines offenders to be supervised locally; creates community supervision of adult parolees by counties and a local parole revocation process; requires a county board of supervisors to designate a local agency responsible for post-release community supervision; and transfers remaining responsibilities for juvenile offenders from the State to counties.

Provisions of AB 109 will become operative only upon the creation of a local community grant program and an appropriation in the State Budget to fund the grant program. However, as of May 24, 2011, the Legislature has not appropriated funding to implement AB 109. In his signing message, the Governor stated his intent to work closely with police chiefs, sheriffs, chief probation officers, district attorneys, and representatives of the counties and courts to ensure that funding which makes AB 109 operative is sufficient to protect public safety. Additionally, AB 109 will be prospective; therefore, counties will assume responsibility for parolees who are newly paroled from State prison on or after July 1, 2011, subject to the appropriation of funding.

4. **Other Realignment Implementing Legislation.** In addition to AB 109 and County-supported ACAx1 2 and SCAX1 1, it is anticipated that the Administration will be releasing other implementing legislation over the next couple of weeks to address remaining issues, such as allocation methodologies and clean-up language, and define the implementation structure to accomplish the goals of the Governor's Realignment Proposal.

This office will continue to work with the Sacramento advocates, affected County departments, Statewide associations and other stakeholders to assess the potential impact of the Governor's Realignment Proposal or other proposals which restructure the State-County relationship.

We will continue to keep you advised.

WTF:RA:MR
VE:OR:GA:lm

Attachments

- c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association

**LOS ANGELES COUNTY
POTENTIAL TRANSFER OF PROGRAM RESPONSIBILITY
FROM THE GOVERNOR'S FY 2011-12 REALIGNMENT PROPOSAL**

Governor's Realignment Proposal				
	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15 ⁽⁸⁾
<u>Mental Health Programs ⁽¹⁾</u>				
AB 3632 Services ⁽²⁾	0	0	0	0
Managed Care	60,600,000 ⁽³⁾	60,600,000	60,600,000	60,600,000
EPSDT Program	202,700,000 ⁽³⁾	202,700,000	202,700,000	202,700,000
Community Mental Health (1991 Realignment) ⁽⁴⁾	310,000,000	310,000,000	310,000,000	310,000,000
<u>Public Health</u>				
Substance Abuse Treatment Programs	75,300,000	75,300,000	75,300,000	75,300,000
<u>Social Services</u>				
Foster Care and Child Welfare Services	538,800,000	538,800,000	538,800,000	538,800,000
Adult Protective Services	14,300,000	14,300,000	14,300,000	14,300,000
<u>Realignment of Public Safety Programs ⁽¹⁾</u>				
Shift of Low-Level Offenders to Counties ⁽⁵⁾	99,759,000 ⁽⁶⁾	201,630,000	250,503,000	251,526,000
Adult Parole Services	50,844,000 ⁽⁶⁾	95,183,000	82,754,000	60,439,000
Remaining Juvenile Justice Programs	65,688,000	65,688,000	65,688,000	65,688,000
Vehicle License Fee Funding for Public Safety Programs	135,700,000	135,700,000	135,700,000	135,700,000
Court Security	164,278,000 ⁽⁷⁾	164,278,000	164,278,000	164,278,000
Cal-FIRE ⁽²⁾	0	0	0	0
<u>Other Costs</u>				
Existing Juvenile Justice Realignment	23,000,000	23,000,000	23,000,000	23,000,000
Currently Funded Public Safety Mandates ⁽²⁾	0	0	0	0
State Penalty Funds Subvention to Locals ⁽²⁾	0	0	0	0
TOTAL	\$1,740,969,000	\$1,887,179,000	\$1,923,623,000	\$1,902,331,000

Notes:

- (1) These estimates are based on preliminary percentage share of the statewide caseload, as provided by various State departments.
- (2) Reflects removal of these programs from the Governor's Realignment Proposal.
- (3) In FY 2011-12, these programs are funded through the transfer of \$861.0 million from the Mental Health Services Act (Proposition 63) to the State General Fund.
- (4) Reflects shift of \$1.077 billion for community mental health programs from 1991 Realignment to 2011 Realignment. Freed-up revenues would be used to fund an increase in the County share of cost for CalWORKs grants from 2.5 percent to 40.0 percent within 1991 Realignment.
- (5) These estimates do not include any cost increases or non-routine medical or mental health costs, and special services.
- (6) According to California Department of Corrections and Rehabilitation (CDCR), reduction to CDCR's population will be on a prospective basis and certain types of offenders will be handled by the State for FY 2011-12. Therefore, estimates exclude State costs that will be reimbursed to the State from the realignment revenues. The May revised proposal includes an increase of \$44.6 million, statewide, for extra costs associated with parole revocations and local jail expenses but does not provide a breakdown of how the fund will be split between these two areas.
- (7) The May Revision proposal reflects an increase in court security funding for costs associated with parole revocation hearings as well as an adjustment for inflation.
- (8) These estimates reflect full implementation of the Governor's Realignment Proposal.

This table represents the preliminary estimate based upon the Governor's Realignment Proposals. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.

MENTAL HEALTH PROGRAMS

Mental Health Proposals

The February 25, 2011 Realignment Proposal would transfer \$861.1 million statewide from the Mental Health Services Act (Proposition 63) to the State General Fund to fund the shift of financial responsibilities for the non-Federal share of cost for County-administered programs including: AB 3632 Special Education (\$98.6 million), Early Periodic Screening, Diagnosis, and Treatment (EPSDT) (\$579.0 million), and Mental Health Managed Care (\$183.6 million) in FY 2011-12. On March 24, 2011, Governor Brown signed AB 100, the Mental Health Services Budget Trailer Bill which enacted this element of the Realignment Proposal. The Governor also signed SB 70, the Education Budget Trailer bill which appropriated \$80.8 million in one-time Proposition 98 savings to address the shortfall in funding for the AB 3632 Program.

In FY 2012-13, the Realignment Proposal would allocate \$978.5 million statewide in funding for the Mental Health Managed Care (\$190.7 million), EPSDT (\$636.9 million) and AB 3632 (\$150.9 million) programs, subject to voter approval of the sales tax and VLF extensions.

The proposal would also shift \$1.077 billion in 1991 Realignment community mental health programs to the Governor's Realignment Proposal in FY 2011-12. The funding would continue to be used for general community mental health programs, State hospital civil commitments, and Institutes for Mental Health Disease facilities. The freed-up 1991 Realignment revenue would be used to increase the county cost sharing ratio for CalWORKs grants from 2.5 percent to 40.0 percent.

Updated May Revision Realignment Proposal

The May Revision proposes that the AB 3632 Program no longer be realigned to counties and instead proposes to transfer responsibility for this program to schools. Other elements of the Realignment Proposal remain with some reductions in funding for the EPSDT and Mental Health Services Programs which reflect updated funding allocations.

AB 3632 Program

Proposal

Under the February 25, 2011 Realignment Proposal, the State financial and program responsibilities of the AB 3632 Program would be transferred to counties. The Federal funding share would remain the same. The Governor proposes to provide \$150.9 million statewide for the AB 3632 Program.

Updated May Revision Realignment Proposal

The May Revision removes the AB 3632 Program from the Realignment Proposal.

Existing County Program

The Department of Mental Health currently administers the AB 3632 Program which provides outpatient mental health services except for crisis intervention and rehabilitation for students with an Individual Education Plan approved by a local school district. These students do not have to meet medical necessity or income requirements. The total AB 3632 Program funding is \$53.4 million in FY 2010-11. This amount does not reflect Governor Schwarzenegger's action in October 2010 in which he vetoed all State funding and suspended the State mandate for the AB 3632 Program.

Federal:	\$20.4 million
State:	\$33.0 million
County:	\$ 0.0
Total:	\$53.4 million

**It includes \$7.5 million which is transferred to DCFS for Residential Treatment. The total cost for the DCFS Residential Treatment component of the AB 3632 Program is included in the CWS/FC Realignment Proposal.*

The current caseload for the AB 3632 Program is approximately 4,430 cases.

Estimated County Impact From the May Revision Realignment Proposal

No impact because the program would not be realigned to the County.

Existing Mandates

Federal Mandate:

- The Federal Individuals with Disabilities Education Act of 1976 requires schools to provide disabled students necessary services including, mental health services to benefit from their education.

State Mandate:

- In 1984, AB 3632 designated county mental health departments as responsible for providing mental health services to disabled students as a State reimbursable mandate to counties.

County Position

- **Support the May Revision proposal because schools, not counties, are responsible for the federally mandated entitlement program.**

Early Periodic Screening, Diagnosis and Treatment Program

Proposal

Under the February 25, 2011 Realignment Proposal, the State financial and program responsibilities for the Early Periodic Screening, Diagnosis and Treatment Program (EPSDT) Program would shift to counties. The Federal funding share would remain the same. The Governor proposes to provide \$636.9 million statewide for the EPSDT Program.

Updated May Revision Realignment Proposal

The May Revision proposes to reduce statewide funding for the realignment of the EPSDT Program from \$636.9 million to \$579.0 million.

Existing County Program

The Department of Mental Health administers this program which provides mental health services to low-income children under the age of 21 who meet Medi-Cal eligibility criteria. Currently, the costs are shared 50.0 percent Federal, 50.0 percent State, with counties assuming 10.0 percent share of the cost for caseload growth. The total EPSDT Program funding is \$645.0 million in FY 2010-11, as follows:

Federal:	\$384.4 million
State:	\$224.6 million
County:	<u>\$ 36.0 million</u>
Total:	\$645.0 million

The current caseload for the EPSDT Program is approximately 70,100 cases.

Estimated County Impact From the May Revision Realignment Proposal

Based on a 35.0 percent share of the statewide caseload, the County's share of the realigned financial responsibilities for the EPSDT Program would increase by approximately \$202.7 million. In comparison to the County's FY 2010-11 Budget, the estimated realignment allocation would be \$21.9 million less for the County. Since the formula allocations have not been determined, the amount of funds allocated for the cost increase is not known.

Existing Mandates

Federal Mandate:

- The Omnibus Budget Reconciliation Act of 1989 and Section 1905(r)(5) of the Social Security Act established EPSDT as a component of the Medicaid Program to provide comprehensive and preventive child health program services for individuals under the age of 21.
- Federal law requires states to inform all Medicaid-eligible persons under age 21 that EPSDT services are available; provide or arrange for screening services as requested; arrange (directly or through referral) for treatment which is disclosed by child health screenings; and report EPSDT performance information annually.

State Mandate:

- California has expanded the EPSDT Program at the direction of the courts.

Potential County Risk Mitigation Recommendations

- The State must retain a share of costs for the EPSDT Program subject to provisions of the Federal Affordable Care Act which prohibits states from requiring local governments to incur a percentage of non-Federal costs for Medi-Cal programs as a condition of receiving enhanced Federal Medical Assistance Percentage (FMAP).
- Realignment must address how the State and County will manage responsibilities for the various Federal requirements of this program.
- Remove the State from the claiming process.
- Seek legislation to eliminate the State Maximum Allowances for Federal Reimbursement for EPSDT services and instead use Federal Upper Payment Limits.

Mental Health Managed Care Program

Proposal

Under the February 25, 2011 Realignment Proposal, the State financial and program responsibilities for the Mental Health Managed Care Program would shift to counties. The Federal share would remain the same. The Governor proposes to provide \$190.7 million statewide for the Mental Health Managed Care Program.

Updated May Revision Realignment Proposal

The May Revision proposes to reduce statewide funding for the realignment of the Mental Health Managed Care Program from \$190.7 million to \$183.7 million.

Existing County Program

The Department of Mental Health administers this program which provides psychiatric inpatient hospital services and Medi-Cal outpatient treatment services. The total Mental Health Managed Care Program funding is \$50.9 million in FY 2010-11, as follows:

Federal:	\$ 7.0 million
State:	\$35.9 million
County:	\$ 8.0 million
Total:	\$50.9 million

Caseload for the Mental Health Managed Care Program is as follows:

- **Managed Care Services:** including Acute Psychiatric Inpatient Hospital Services and Administrative Day Services.

Adults:	8,434
Children:	2,731
Total:	11,165

- **Specialty Mental Health Services:** including, Mental Health Assessment, Individual, Family, and Group Psycho Therapy, Medication Support, Electroconvulsive Therapy, Psychological Testing, Team Conference/Case Consultation, Emergency Room Services, Professional Services at Hospitals or Residential Care Facilities, Evaluation and Management Services and Targeted Case Management

Unique Clients:	37,538
Child:	5,762
TAY:	5,482
Older Adults:	5,342
Adult:	20,952
Total:	75,076

Estimated County Impact From the May Revision Realignment Proposal

Based on a 33.0 percent share of the statewide allocation for the Mental Health Managed Care Program for the past 4 years, the County's share of the realigned financial responsibilities for this program would be approximately \$60.6 million. In comparison to the State's FY 2010-11 allocation, the County could potentially receive an additional \$24.7 million. The Department of Mental Health indicates that the increased allocation for Mental Health Managed Care

addresses prior reductions to the program and was developed in collaboration with the State Department of Mental Health. Since the formula allocations have not been determined, the amount of funds allocated for the cost increase is not known.

Existing Mandates

Federal Mandate:

- This Federally mandated program is provided under a comprehensive Medicaid Waiver which requires the State to provide outpatient specialty mental health services, such as clinic outpatient services, psychiatrists, psychologists and some nursing services, as well as psychiatric inpatient hospital services.

State Mandate:

- California Code of Regulation, Title 9, Chapter 11, Sections 1810.100 to 1850.535 and Welfare and Institution Code 14680 establishes State requirements for Mental Health Managed Care.
- State law requires County Mental Health Plans to ensure that services are provided and Medi-Cal clients obtain specialty mental health services through the County. The County contracts with local providers for these services.

Potential County Risk Mitigation Recommendations

- Seek legislation to eliminate the State-only Medi-Cal rules that limit the County's access to Federal reimbursement.
- Seek legislation to eliminate the 15.0 percent cap on administrative costs. Instead, use Federal requirements to permit full-cost reimbursement to counties.
- Seek legislation to eliminate the State 6-month deadline for claims submission. Instead, use the Federal 12-month deadline for claims submission.

Community Mental Health Programs

Proposal

The February 25, 2011 Realignment Proposal would shift \$1.077 billion in 1991 Realignment community mental health programs to the Governor's Realignment Proposal in FY 2011-12. The funding would continue to be used for general community mental health programs, State hospital civil commitments, and Institutes for Mental Health Disease facilities. The freed-up 1991 Realignment revenue would be used to increase the county cost sharing ratio for CalWORKs grants from 2.5 percent to 40.0 percent.

Updated May Revision Realignment Proposal

The May Revision makes no changes to the February 25, 2011 Realignment Proposal.

Estimated County Impact

Based on the current 1991 Realignment allocation for community mental health programs, the Department of Mental Health (DMH) would receive an estimated \$310.0 million in FY 2011-12.

Issues/Concerns

- This proposal would reopen the 1991 Realignment Program.
- Funding for 1991 realigned community mental health programs is continuously funded with no sunset date. Under this proposal, funding would sunset in 5 years.
- Funding for these programs may not be sufficient if the Administration's revenue projections are overly optimistic.

CalWORKs Program Grants

Revised Realignment Proposal

The February 25, 2011 Realignment Proposal would transfer \$1.077 billion statewide in 1991 Realignment revenue to fund the State's portion of increased county share of cost for CalWORKs grants, which would increase from 2.5 percent to 40.0 percent.

Updated May Revision Realignment Proposal

The May Revision proposes no change to this program.

Estimated County Impact From Revised Realignment Proposal

According to the Department of Public Social Services (DPSS), the projected expenditures for the CalWORKs Program are \$979.5 million. Costs are shared 97.5 percent Federal/State (\$955.0 million) and 2.5 percent County (\$24.5 million).

If the county share for CalWORKs grants is increased to 40.0 percent, DPSS estimates the County share would increase to approximately \$391.8 million. **Based on the 1991 Realignment revenue allocation to community mental health programs and the projected CalWORKs caseload, we estimate this proposal could be underfunded by approximately \$57.3 million in FY 2011-12.**

Issues/Concerns

- The proposed total statewide allocation is insufficient to cover the increased County share of cost for CalWORKs grants.
- Any increases in caseload growth would result in additional exposure for the County's General Fund.
- The proposed funding formula must reflect each county's actual share of the total statewide CalWORKs grant expenditures.
- Since the CalWORKs caseload in FY 2011-12 may likely near its peak as the economy continues to slowly recover; there is less risk of CalWORKs caseload increases outpacing growth in the 1991 Realignment revenue stream.
- It is unclear how the Federal government will modify TANF requirements in the future. This could lead to State legislative changes that would impact CalWORKs caseload growth. Counties should be held harmless from caseload growth resulting from State or Federal policy changes.

SUBSTANCE ABUSE TREATMENT

Proposal

The February 25, 2011 Realignment Proposal would transfer \$184.0 million statewide in funding from the State to counties to assume financial responsibilities to administer prevention, treatment and recovery services for alcohol and drug abuse. The programs proposed to be realigned include: Drug Medi-Cal, Non-Drug Medi-Cal Perinatal and Non-Drug Medi-Cal Regular, Comprehensive Drug Court Implementation Act, Dependency Drug Court, and Drug Court Partnership Act.

Updated May Revision Realignment Proposal

The May Revision slightly reduces the amount of funding for the realignment of Substance Abuse Programs from \$184.0 million to \$183.6 million statewide. This reduction would not result in a significant impact to the County.

Existing County Program

The Substance Abuse Prevention and Control (SAPC) Program, a division of the Department of Public Health, has the primary responsibility of administering the County's alcohol and drug programs. SAPC provides a wide array of alcohol and other drug prevention, treatment, and recovery programs and services for individuals through contracts with over 150 community-based organizations. The primary recipients of alcohol and drug treatment, recovery, and intervention services are Los Angeles County residents, particularly those who are uninsured and/or underinsured. The budget for these programs in FY 2010-11 is as follows:

Programs	Federal	State	County/Local Match	TOTAL
Drug Medi-Cal	\$48.1 million	\$40.1 million		\$ 88.2 million
Perinatal Drug Medi-Cal	\$ 0.7 million	\$ 0.5 million		\$ 1.2 million
Comprehensive Drug Court Implementation		\$ 4.2 million	\$0.8 million	\$ 5.1 million
Dependency Drug Court Program		\$ 1.3 million	\$0.3 million	\$ 1.5 million
Drug Court Partnership		\$ 0.4 million	\$0.08 million	\$ 0.5 million
State General Fund Perinatal		\$ 5.5 million	\$0.4 million	\$ 5.9 million
State General Fund Discretionary		\$ 1.6 million	\$0.2 million	\$ 1.8 million
TOTAL	\$48.8 million	\$53.6 million	\$1.7 million	\$104.2 million

Existing Mandates

None. However, Drug Medi-Cal is a locally-administered component of the Medi-Cal Program. Counties can opt out of the program. Counties that opt in must meet Federal Medicaid requirements.

Estimated County Impact From Revised Realignment Proposal

The Department of Public Health (DPH) indicates that the County's estimated share of realigned financial responsibilities would be \$75.3 million, which is an increase of approximately \$21.7 million above the FY 2010-11 allocation. In addition, the Realignment Proposal does not account for any cost increases through FY 2014-15.

Department of Public Health estimates the projected County allocations for all programs proposed for realignment at:

Program	Federal	State	Realigned Funding to the County	County/Local Match	Total
Drug Medi-Cal	\$53.4 million	-	\$59.8 million		\$113.2 million
Perinatal Drug Medi-Cal	\$ 0.6 million		\$ 0.6 million		\$ 1.2 million
Comprehensive Drug Court Implementation			\$ 4.2 million	\$ 0.8 million	\$ 5.1 million
Dependency Drug Court Program			\$ 1.3 million	\$ 0.3 million	\$ 1.5 million
Drug Court Partnership			\$ 0.4 million	\$ 0.08 million	\$ 0.4 million
State General Fund Perinatal			\$ 7.4 million	\$ 0.6 million	\$ 8.0 million
State General Fund Discretionary			\$ 1.6 million	\$ 0.2 million	\$ 1.8 million
Total	\$54.0 million	-	\$75.3 million	\$1.9 million	\$131.2 million

County Risk Assessment (Issues/Concerns)

- The County's projected fiscal need for these programs is anticipated to exceed the fixed \$75.3 million annual realignment allocation.
- Expenditures for the Drug Medi-Cal Program have steadily increased. If expenditures for the Drug Medi-Cal Program exceed the realignment allocation, the County will be required to match Federal Medicaid dollars on a one-to-one basis exposing the County to increased costs.
- Currently, the Drug Medi-Cal Program is almost entirely controlled at the State level. The County acts as a pass-through for funding and is responsible for collecting funds from the provider should the State disallow a claim. If a provider goes out of business or is unable to pay, the County is still responsible for the repayment of claims to the State.
- Under the Realignment Proposal, counties would assume responsibility for the entire State share of non-Federal Medicaid cost for the Medi-Cal Drug Program. This appears to conflict with the Federal Affordable Care Act of 2010 which prohibits states from increasing a county's share of non-Federal Medicaid costs without written consent from the county attesting that the contribution is voluntary, and specifies a time period and an amount.

Potential County Risk Mitigation Recommendations

- The State must retain a share of costs for the Drug Medi-Cal Program subject to provisions of the Federal Affordable Care Act which prohibits states from requiring local governments to incur a percentage of non-Federal costs for Medi-Cal programs as a condition of receiving enhanced FMAP funding.
- The Realignment Proposal needs to provide a State Share of Costs to ensure uniformity in these programs. According to the Legislative Analyst's Office (LAO) report, programs where statewide uniformity is vital usually are more effectively controlled and funded by the State.
- Seek legislation to allow counties to opt out of the Drug Medi-Cal Program with no penalty.

- Seek legislation to configure the Drug Medi-Cal Program to meet local needs. For example, control client access to services by requiring clients to be screened rather than going directly to service providers.
- Seek legislation to authorize counties to set reimbursement rates, certify providers, and change the menu of treatment services provided.
- Seek legislation to lengthen the Perinatal Program from 60 days to up to 365 days.

FOSTER CARE AND CHILD WELFARE SERVICES

Proposal

Under the February 25, 2011 Realignment Proposal, the State would transfer to counties the non-Federal share of financial responsibilities for Foster Care and Child Welfare Services (CWS), including Kin-GAP and adoptions. The Governor's total projected estimate for these programs was \$1.623 billion, starting in FY 2011-12, which would increase to \$1.703 billion by FY 2014-15. The proposed increases were a result of the proposed restorations to the CWS (\$40.0 million in FY 2012-13 and \$80.0 million annually beginning in FY 2013-14) and the Transitional Housing Program-Plus programs (\$19.0 million beginning in FY 2011-12).

Updated May Revision Realignment Proposal

The revised proposal includes the following major changes:

- **Shifts AB 3632 Mental Health Services from Counties to Schools.** The revised proposal includes a \$68.0 million decrease in FY 2011-12 to reflect a shift in responsibility of funding for Seriously Emotionally Disturbed (SED) children residential care placements from the State Department of Social Services to schools. **The Department of Children and Family Services (DCFS) indicates that the County's share of the \$68.0 million statewide decrease is \$18.4 million, which includes a \$10.6 million County match to draw down this State revenue.** Under the May Revision proposal, the County would no longer be responsible for the match of \$10.6 million.
- **Independent Adoptions Workload.** The revised proposal would remove Independent Adoptions from the realignment proposal and reduce the amount realigned to counties by \$1.7 million and have the State Department of Social Services contract with the three counties that currently perform activities associated with independent adoptions workload: Los Angeles, San Diego and Alameda. Currently, the State Department of Social Services does the work for the 55 other counties. The Chief Executive Office and DCFS are determining the impact of this proposal on the County.
- **Retains Child Welfare Training Activities Funding.** The revised proposal would retain \$8.2 million for the State Department of Social Services to contract for Child Welfare training activities. The Administration indicates that because this is of statewide importance, it is not an appropriate expenditure for realignment. DCFS estimates that there would be minimal impact to the County from this proposal. The County's primary training provider is the Inter-University Consortium (IUC) comprised of six local universities. The IUC contract is directly with the County.
- **Decreases the total amount of funding realigned to counties to account for the proposed changes.** The revised proposal would decrease the total amount of funding realigned to counties for Foster Care and CWS to \$1.567 billion from \$1.623 billion in FY 2011-12, and increases to \$1.703 billion in FY 2014-15. This reflects the proposed changes regarding the shift in AB 3632 mental health services to counties, and other changes, including the removal of the proposed restoration to CWS (\$40 million in FY 2012-13 and \$80.0 million annually beginning in FY 2013-14). It appears that the THP-Plus restoration of \$19.0 million was removed from the realignment proposal as well, but this is being confirmed.

Estimated County Impact From the May Revision Realignment Proposal

Under the May Revision Realignment Proposal, DCFS would assume the majority of responsibilities and the non-Federal share of costs, including administrative costs, for CWS, Foster Care and adoptions. **The County would receive an estimated \$538.8 million from the State, starting in FY 2011-12 through FY 2014-15, compared to \$557.2 million under the February 25, 2011 Realignment Proposal. The difference is due to the \$18.4 million decrease from the County's State share of the \$68.0 million decrease for the shift in responsibility of funding for SED residential placements. In addition, under the revised proposal, approximately \$17.1 million in CWS funding would no longer be restored to DCFS since the CWS restoration was removed from the realignment proposal.**

Existing County Programs

The Department of Children and Family Services provides the direct services to all of the Foster Care and Child Welfare Services programs being proposed for realignment. The County's annual State revenue for these programs is approximately \$557.2 million. The overall funding for these County-administered programs is \$1.4 billion in FY 2010-11, and the breakdown is as follows:

Federal:	\$493.8 million
State:	\$557.2 million
County:	<u>\$382.4 million</u>
Programs Total:	\$ 1.4 billion

Caseload: Over 77,000 which includes about 29,500 for CWS, 25,000 for Adoption, 16,000 for Foster Care, and 6,500 for Kin-GAP.

Existing Mandates

Mandated core programs and activities include, but are not limited, to the following.

Federal Mandate:

- Operate child welfare demonstration project for Title IV-E eligible and non-IV-E eligible children in out-of-home placement or at-risk of entering foster care.
- Promote Safe and Stable Families by helping families alleviate crisis that might lead to out-of-home-placement of children.
- Emergency Assistance which provides the first 30 days of emergency foster care when children are removed from care.
- Operate a 24-hour/7-day a week Child Protection Hotline mandated under Child Abuse Prevention & Treatment Act (CAPTA).
- Operate a 24-hour/7-day a week Emergency Response mandated under CAPTA and Adoption and Safe Families Act.

State Mandate:

- AB 12 which extends foster care for eligible youth up to 21 years of age.
- Provide child abuse prevention services, which include individual, group and family counseling; parent education and in-home family support services.

- Kin-GAP – Enhance family preservation and stability with relative placements that are the permanent plan and dependencies are dismissed and legal guardianship is granted.

County Risk Assessment (Issues/Concerns)

- Concerned about the funding adequacy for these programs because of potential caseload increases and Federal entitlement requirements.
- The Department of Children and Family Services indicates that the 1991 Realignment revenue for foster care and child welfare has been historically inadequate. Since 1991 Realignment, counties have incurred significantly increased foster care and child welfare costs due to unanticipated Federal policy changes. Other new Federal requirements, such as licensing requirements, Child and Family Services Review standards and Program Improvement Plans, also have resulted in increased costs.
- Non-Federal program costs are expected to grow in future years due to the continued decline in federally eligible foster children, increased Federal requirements, and the cost of implementing the Federal Fostering Connections to Success Act, which expands services to youth up to 21 years of age.
- There is a significant risk that County financing needs will grow faster than the amount of realigned tax revenue that they receive in the future, especially during economic downturns when tax revenues fall and increased financial hardship can cause the incidence of child abuse to increase and may make it more difficult to reunify families.
- On January 25, 2011, the LAO released its report on Child Welfare Realignment which indicated specifically, that the Foster Care Program is not well-suited for realignment. The LAO indicates that Foster Care is a Federal entitlement program and even with more flexibility, counties cannot entirely control caseload and costs.

Potential County Risk Mitigation Recommendations

- Must address the terms of the County's Title IV-E Child Welfare Waiver Demonstration Project. The Realignment Proposal needs to ensure that the County can continue and renew its Waiver, which expires on June 30, 2013, and guarantee that its funding is not less than its current commitment with the State.
- Provide secure, permanent, and adequate funding to cover costs and caseload growth, and protect from additional State, Federal and judicial mandates.
- Provide maximum program control and flexibility allowable under Federal law.

Provide a State Share of Costs to ensure uniformity in these programs. According to the LAO report, programs where statewide uniformity is vital usually are more effectively controlled and funded by the State.

ADULT PROTECTIVE SERVICES

Proposal

Under the February 25, 2011 Realignment Proposal, the State would transfer \$55.0 million in financial responsibilities to counties to fund the Adult Protective Services (APS) program. The program provides services to persons aged 65 or older who are functionally impaired and who are victims of abuse and neglect.

Updated May Revision Realignment Proposal

The May Revision proposes no changes to this program.

Existing County Program

The County's APS allocation goes to the Department of Public Social Services and then it is transferred to the Department of Community and Senior Services (CSS). The County's current State allocation for this program is \$14.3 million. The overall County-administered program is \$30.0 million in FY 2010-11 and is broken down below.

Federal:	\$12.7 million
State:	\$14.3 million
County:	\$ 3.0 million
Program Total:	\$30.0 million

Caseload: Serves approximately 30,000 seniors and dependent adults.

Services: Obtaining assistance of emergency personnel in life-threatening situations; providing counseling and referral services; conducting face-to-face interviews on every client that meets APS criteria; and providing transportation services, food vouchers, and emergency shelter.

Existing Mandates

Federal Mandate: None

State Mandate:

- Operate a 24/7 Program: Specifically SB 2199, enacted in 1998 (Welfare and Institutions Code Section 15750), created a statewide APS Program with statewide standards, and mandated that APS become a 24/7 crisis intervention program with access to an APS social worker to receive referrals and reports of alleged abuse.
- Provide crises intervention services (case management/service plan for each client/victim), as required under SB 2199.
- Investigate all reports of suspected abuse of elders and dependent adults, and conduct a face-to-face visit within 10 calendar days of the suspected abuse reported filed, as required under SB 2199.
- Train and provide support to financial institutions who are mandated reporters, as required under SB 1018, enacted in 2005. (Welfare and Institutions Code Sections 15630.1, 15633, 15634, 15640, 15655.5)

Estimated County Impact From the May Revision Realignment Proposal

Under the Realignment Proposal, CSS would likely become the local administrative entity for the entire APS program. **The County would assume all APS financial responsibilities, which is approximately \$14.3 million from the State. In addition, the Realignment Proposal does not account for any cost increases through FY 2014-15.** CSS indicates that they do not anticipate a significant change to the County portion of the program under the Realignment Proposal. However, CSS would need additional flexibility and adequate funding under the Realignment Proposal described below.

County Risk Assessment (Issues/Concerns)

- The Realignment Proposal does not account or provide for future cost or caseload increases.
- The Realignment Proposal does not provide specific information on what type of local flexibility would be provided under the realigned program.

Potential County Risk Mitigation Recommendations

- Provide maximum program control and flexibility, including reducing and/or eliminating State mandates so the program can be reduced if funding declines. Existing State mandates which could be reduced include:
 - Requirement to provide crisis intervention 24/7 (Welfare and Institutions Code 15750). Instead, operate a Monday through Friday operation with only phone consultation during after-hours and the weekend;
 - Requirement for a face-to-face visit within 10 days for all reports of suspected abuse. Instead, eliminate the face-to-face requirement on certain reports of abuse and provide a triage only, and increase 10-day response requirement time to conduct a face-to-face interview; and
 - Requirement to provide transportation services, food vouchers, emergency shelter, among other resources (Welfare and Institutions Code 15760). Instead, reduce some of these services.
- Provide secure, permanent, and adequate funding to cover costs and caseload growth, and protect from additional State mandates. During the past few years, the County's share of State funding for APS has been reduced by nearly 15.0 percent (\$2.0 million reduction). At the same time, the County's caseloads have increased and are expected to increase by another 10.0 percent primarily due to a broader awareness of elder abuse services and an increase in the aging population.

SHIFT OF LOW-LEVEL OFFENDERS

Proposal

The February 25, 2011 Realignment Proposal would shift \$1.1 billion statewide from the State to counties and transfer financial and program responsibilities for approximately 32,500 non-violent, non-serious, and non-sex offenders, including parole violators to counties to serve their terms locally either in jail or other supervision. Under the Realignment Proposal, all inmates not currently or previously convicted of a serious, violent, or sex offense would be housed in county jails or otherwise managed at the local level, rather than being sent to State prison. The revised proposal would exclude certain crimes for offenders who would be shifted to counties, provide more resources for offenders that are sentenced for more than three years, and allow local jurisdictions to contract with the State for the full costs of housing offenders in a State facility. The proposal assumes that counties will utilize a hybrid of incarceration time, community supervision and treatment, and/or alternative custody and diversions programs for the low-level offenders and no inmates currently in prison would be transferred to the counties.

Under the February 25, 2011 Realignment Proposal, counties would receive an estimated \$257.7 million in FY 2011-12 to begin managing these offenders locally. As a result, most non-serious, non-violent, and non-sex inmates would remain in State prison in the budget year and a share of realignment funding (\$838.3 million) would be sent to the State to reimburse California Department of Corrections and Rehabilitation (CDCR) for the costs of housing those offenders. The proposed shift will be phased over a five-year period with inmates being transferred on a prospective basis. When fully implemented in FY 2014-15, counties would receive an estimated \$705.1 million annually to manage these offenders.

Updated May Revision Realignment Proposal

The May Revision proposes to increase funding for low-level offenders and adult parole programs by \$44.6 million. After consultations with local public safety officials, district attorneys and public defenders, the Governor's office concluded that more resources would be needed for the additional workload. Proposed funding has been added for county costs associated with: 1) increased workload for district attorneys and public defenders dealing with parole revocation hearings; and 2) for offenders serving time in county jails. How these funds will be divided between these two programs will change over time, as fewer parolees will be coming through the system in the later years and more resources will be dedicated to supervision and treatment than legal costs for parole revocation hearings.

The revised proposal increases the statewide allocation to reflect these changes as follows: from \$257.7 million to \$302.3 million in FY 2011-12; and from \$705.1 million to \$762.2 million in FY 2014-15 when realignment is fully implemented.

Existing County Program

The Sheriff Department's overall baseline Custody Budget for FY 2010-11 is \$813.9 million, and the breakdown is as follows:

Federal:	\$ 57.7 million
State:	\$216.2 million
County:	\$522.6 million
Other:	\$ 17.4 million
Total:	\$813.9 million

Caseload: 16,000 inmates

Estimated County Impact From the May Revision Realignment Proposal

Under the Realignment Proposal, the Sheriff Department would have program and financial responsibilities for non-violent, non-serious, and non-sex offenders that would be shifted to counties to serve their terms locally either in jail or under other supervision. **The May Revision Realignment Proposal does not contain sufficient information to determine actual County impact at this time. However, based on 33.0 percent of the statewide institution population, this would result in \$99.6 million in FY 2011-12, and \$251.5 million in FY 2014-15 in funds transferred from the State to the County to handle approximately 9,700 non-violent non-serious, and non-sex offenders, that includes approximately 1,160 parole violators that will be sentenced prospectively over a 4-year period to County jails instead of State prisons.**

Existing Mandates

None. Non-violent, non-serious, and non-sex offenders are the State's responsibility.

County Risk Assessment (Issues/Concerns)

- The revised proposal and May revision is an improvement, but the Sheriff's Department would prefer terms of no more than 24 months for low-level offenders.
- It is uncertain if funding is sufficient to cover County costs for housing low-level offenders for 36 months or longer.
- The proposal assumes costs of \$3,500 for community supervision per each short-term, low-level offender for 18 months. The Probation Department indicates that this is less than the necessary \$5,000 per offender.
- According to the Sheriff's Department, this proposal would have a major impact on the County jails and considering jail overcrowding in the County, many inmates could be released back into the community having served only a fraction of their sentences. According to the District Attorney's Office, approximately 15,500 convicted criminals could be on the streets of Los Angeles County with minimal supervision.
- The definition of low-level offenders and/or the list of offenses considered non-violent, non-serious, non-sex offenses needs to be refined, as this will significantly affect the magnitude of the impact on counties. According to the Sheriff's Department, the Realignment Proposal refers to non-violent, non-serious, and non-sex offenders as low-level offenders as defined in California Penal Code Sections 1192.7 or 1192.8 or serious offenders as defined in Section 667.5; or sex offenders as defined in Section 290; or those who have had a previous conviction for a serious, violent or sex offense. Some of the offenses on the list are considered serious and violent by County standards.
- The Realignment Proposal needs to consider the start-up costs, in addition to ongoing operational costs associated with implementing the realignment plan that would require counties to build/acquire new facilities; perform facility security updates; and/or reopen existing facilities to accommodate additional inmates. The Sheriff's Department is exploring alternatives to give counties faster access to the AB 900 Jail Construction Bond funds.
- The Realignment Proposal does not address each county's marginal costs, most notably, the additional cost of jailing an additional number of inmate(s) that exceed a county's jail capacity. This proposal could force extremely costly alternatives to be implemented,

including capital projects. The allocation of tax revenues and retroactive mandate claim reimbursements are not workable alternatives for financing capital projects.

- According to the Probation Department, to safely implement this proposal, funding must be set at a level that would fully cover the cost of providing County jail beds and other services such as, probation supervision, substance abuse treatment, mental health services, drug court services and alternative custody.
- The Realignment Proposal understates the incarcerated population and length of time incarcerated. The State assumes that the average length of incarceration in county jails will only be 6 months, compared to 24 months in State prisons, and that counties will provide community supervision and/or alternative custody at a far lower cost for the remaining 18 months.
- The Realignment Proposal may shift a significant portion of the State's major unreimbursed cost of incarcerating undocumented aliens. A large number of low-level offenders may be undocumented immigrants and other foreign-born persons of unknown immigration status who have Federal immigration detainers placed on them, and who, therefore, cannot be readily released for community supervision and/or paroled. As a result, counties would have to bear major increased costs and would have less flexibility in releasing them to the community.
- The Realignment Proposal does not address costs to other programs, because the impact of shifting one program, may indirectly affect other programs. The Realignment Proposal does not appear to factor in high inmate health costs which would be transferred to counties. Under current Federal law, Medicaid and Medicare are not available to reimburse incarcerated persons, including juveniles.
- The Alternate Public Defender's Office indicates that it would need to hire approximately 3 attorneys to handle the increase in workload at an estimated County cost of \$0.5 million.
- The Department of Health Services (DHS) could incur significant health-related costs for incarcerated offenders or for those released to probation. However, DHS does not currently provide services to the population. The CEO will work with DHS to determine potential County impact as more details become available.
- The Department of Mental Health indicates that approximately 2,800 offenders may be in need of mental health services at an estimated annual cost of \$36.0 million to the County.
- The Department of Public Health indicates that approximately 3,150 offenders will require substance abuse services at an estimated annual cost of \$19.4 million to the County.

Potential County Risk Mitigation Recommendations

- AB 109, the Public Safety Realignment Budget Trailer Bill signed by Governor Brown on April 4, 2011, includes the District Attorney's Office proposal to add approximately 28 additional serious and violent offenses to be excluded from the categories non-violent, non-serious, and non-sex offenders proposed to be released to counties.
- AB 109, the Public Safety Realignment Budget Trailer Bill signed by Governor Brown on April 4, 2011, allows a county board of supervisors to authorize electronic monitoring for those being held in custody in lieu of bail, which resolves the Sheriff's Department recommendation to authorize Electronic Monitoring for expand inmate eligibility to include pre-sentenced inmates.

- The Sheriff's Department recommends that the County, specifically the Sheriff's Department, be given authority and latitude regarding releasing of inmates to parole.
- The Sheriff's Department recommends exploring alternatives to amend current legislation to allow flexibility to counties to access AB 900 Bond funds for jail construction and to allow counties to forgo the 25.0 percent match requirements.
- The Sheriff's Department recommends State contracts for the housing of low-level offenders in lieu of shifting non-violent, non-serious, and non-sex offenders to counties.
- The District Attorney's Office recommends that the California Secretary of Corrections and Rehabilitation should be granted the same authority as county sheriffs to utilize alternative incarceration methods for felons convicted of non-violent, non-serious and non-sex related crimes. These alternative methods include home detention combined with electronic monitoring, Global Positioning Systems (GPS) and the extended use of work furlough programs. These services could be contracted out to private vendors if necessary.
- The Sheriff's Department recommends utilizing the Education-Based Incarceration Model to lower recidivism and provide better life choices that encourage offenders to remain out of jail.
- The Sheriff's Department indicates that if sufficient funding is provided the County may be able to reopen closed jail beds throughout the County to accommodate approximately 4,500 additional offenders.
- To safely implement the low-level offender shift to County proposal, funding must be considered for the additional caseload increases, staffing and training needs, including funding for cost associated with caseload increases to the District Attorney, Public Defender, and Alternate Public Defender.

ADULT PAROLE

Proposal

The February 25, 2011 Realignment Proposal would shift \$421.2 million from the State to counties for financial and program responsibilities to supervise all parolees upon their release from State prison. The proposal would only shift parolees convicted of a non-serious or non-violent crime, regardless of prior convictions, and would exclude three-strike parolees, parolees with a current conviction for a serious crime, or parolees who are classified as a high-risk sex offender. The proposal clarifies that all revocation decisions will be made by the courts. Counties would receive an estimated \$140.4 million in FY 2011-12 to begin supervising parolees locally. Because most parolees would remain on State caseloads in the budget year, a share of realignment funding (\$280.8 million) would be sent to the State to reimburse CDCR for the costs of managing those existing caseloads. When fully implemented, counties would receive an estimated \$183.0 million annually to manage these offenders. Since these offenders typically live in the community from which they were sentenced to prison, the Administration argues that local law enforcement and probation are usually more knowledgeable about the offender, suggesting local supervision of parolees is a better policy and public safety option.

Updated May Revision Realignment Proposal

The May Revision proposes to increase funding for low-level offenders and adult parole programs in the amount of \$44.6 million. After consultations with local public safety officials, district attorneys and public defenders, the Governor's office concluded that more resources would be needed for the additional workload. Proposed funding has been added for county cost associated with: 1) increased workload for district attorneys and public defenders dealing with parole revocation hearings; and 2) for offenders serving time in jail. How these funds will be divided between these two programs will change over time, as fewer parolees will be coming through the system in the later years and more resources will be dedicated to supervision and treatment than legal costs for parole revocation hearings.

The May Revision proposal increases the statewide allocation to reflect these changes as follows: \$140.4 million to \$157.9 million in FY 2011-12; and \$183.0 million to \$187.7 million in FY 2014-15 when realignment is fully implemented.

Estimated County Impact From the May Revision Realignment Proposal

Under the Realignment Proposal, county probation departments would assume full program and financial responsibilities to supervise parolees locally. In response to concerns of the public safety community, the Administration made efforts and recommendations to improve the proposal; however, the proposal still does not contain sufficient information to determine actual County impact at this time. According to the Probation Department, the County would assume responsibility for approximately 7,400 parolees in FY 2011-12, 14,700 in FY 2012-13, 13,100 in FY 2013-14 and 9,600 in FY 2014-1015. **Based on 32.2 percent of the statewide adult paroled felons population, this would result in a shift of \$50.8 million in FY 2011-12, and \$60.4 million in FY 2014-15 in funds transferred from the State to the County for these activities.**

Existing County Program

None. The County does not have responsibility to supervise parolees locally.

Caseload: None

Existing Mandates

None. The supervision of parolees is the State's responsibility.

County Risk Assessment (Issues/Concerns)

- The Probation Department indicates that it would need to hire approximately 350 personnel including Deputy Probation Officers, Supervising Deputy Probation Officers, Clerks, and Probation Directors to supervise parolees transferred at an estimated County cost of \$40.0 million.
- The Realignment-Proposal does not address costs to other programs, because the impact of shifting one program may directly or indirectly affect other County programs and operations. The Realignment Proposal's cost and revenue assumptions do not appear to factor costs associated with the judicial branch.
- According to the Public Defender's Office, approximately 70.0 percent of the adult felony cases filed in the County are handled by the Public Defender. The increase in workload is undetermined pending further information from the Administration. However, based on preliminary estimates, the realignment could result in approximately \$2.3 million in additional costs to handle an estimated 14,700 cases. The Alternate Public Defender's Office indicates that it would need to hire approximately 3 attorneys to handle parole hearings at estimated County cost of \$0.5 million.
- According to the Probation Department, probation officers would be required to be armed to safely carry out their duties of supervising more serious adult parolees.
- The Probation Department indicates that collective bargaining issues may arise if the State union seeks to represent local members assuming adult parole supervision activities. Salary inequity issues will arise as parole officers receive higher compensation and different type of benefits than county probation officers.
- The proposal must ensure coordination between the State and counties as parolees are released to local supervision.

Potential County Risk Mitigation Recommendations

- The Probation Department recommends that funding for appropriate detention facilities and/or of facilities refurbishment to be provided; and/or the State to give control to counties for existing State detention facilities. Additionally, to safely implement the adult parolee realignment, funding must be considered for the additional caseload increases, staffing and training needs.
- The Probation Department recommends counties to be provided the ability to implement prospectively as program, staff and facilities become available.
- The Probation Department recommends counties to be given the authority and flexibility in deciding the type and level of supervision and length of custody commitments.
- The Sheriff's Department recommends pursuing legislation to authorize electronic monitoring of parolees as part of the community supervision and/or alternative custody program services.

- The Probation Department indicates that this proposal may provide an opportunity for local collaboration within affected departments to make best use of available resources to develop programs and direct services for this population similar to Reentry Program and/or Multidisciplinary Teams process.
- To safely implement the adult parole realignment, funding must be considered for the additional caseload increases, staffing and training needs, including funding for cost associated with caseload increases to the District Attorney, Public Defender, and Alternate Public Defender.

JUVENILE JUSTICE PROGRAMS

Proposal

The February 25, 2011 Realignment Proposal would eliminate the State's Division of Juvenile Justice (DJJ) by June 30, 2014 and shift \$242.0 million in financial and program responsibilities from the State to counties to house, treat, and supervise high-risk juvenile offenders. The Administration proposes to realign the remaining 1,300 wards to county responsibility. This would be done on a prospective basis. So, no wards currently in DJJ facilities would be released to county supervision. The Administration also indicates it would allow counties two options for their high-risk juvenile offenders: 1) contract with the State Division of Juvenile Justice to house all of these youth offenders; or 2) counties would serve all of these offenders through locally-operated county programs.

Updated May Revision Realignment Proposal

The May Revision proposes no changes to this program.

Existing County Program

None. The County does not currently have responsibility to house, treat, and supervise high-risk juvenile offenders.

Caseload: None

Estimated County Impact From the May Revision Realignment Proposal

The Realignment Proposal does not contain sufficient information to determine actual County impact at this time. **However, based on 27.2 percent of the statewide caseload, the County would assume an estimated \$65.7 million in FY 2011-12 in additional program responsibilities. In addition, the Realignment Proposal does not account for any cost increases through FY 2014-15.** As noted above, the revised proposal would allow counties to serve this population or contract back with DJJ to serve these offenders. This requirement does not provide the necessary flexibility the County would need to reduce costs, while improving outcomes for high-risk juvenile offenders.

Existing Mandates

None. The high-risk juvenile offenders are the State's responsibility.

County Risk Assessment (Issues/Concerns)

- The proposal appears to only offer 2 options, which are providing locally, or contracting with the State for all these youths. Since counties do not have the flexibility of combining both options and the County does not have the facilities to house high-risk juvenile offenders, the County would be forced to contract with the State for these services. It is unclear at what cost these services would be offered.
- The Probation Department indicates that it does not have the facilities, staffing or long-term treatment plans in place to accommodate approximately 360 youth who have committed violent crimes and sexual offenses, including assault, robbery or murder.
- Currently the State costs average \$200,000 for each of these high-risk youth. County costs could be higher due to start-up costs and building capacity.

- Under current law, wards can be housed in DJJ facilities until the age of 25. These older individuals are not appropriate for placement with younger offenders.
- The Public Defender's Office indicates that it would need to hire approximately 5 staff to handle parole consideration hearings at an estimated County cost of \$0.5 million.
- The Department of Mental Health indicates that this population of youth is difficult to serve and may need mental health services at an estimated annual cost of up to \$7.2 million.

Potential County Risk Mitigation Recommendations

- The Probation Department recommends that funding for appropriate facilities and/or facilities refurbishment to be provided for the high-risk juvenile offenders; and/or the State to give control to counties for existing State juvenile facilities.
- Counties should have the option and flexibility to not accept certain population of youth, such as wards with severe mental health problems or difficult cases; and/or counties to have the option to contract with the State for handling of difficult cases and high-risk juvenile offenders.
- The Probation Department recommends that counties be provided the ability to implement the realignment prospectively as programs, staff and facilities become available.
- The Probation Department recommends pursuing legislation to allow counties more access to SB 81 Bond funds for youthful offender rehabilitative facility construction funding through state lease-revenue bonds and allow counties to forgo the 25.0 percent match requirement.

VEHICLE LICENSE FEE FOR PUBLIC SAFETY PROGRAMS

Proposal

The February 25, 2011 Realignment Proposal proposes to extend the existing 1.15 percent VLF rate for an additional five years. The extension would require a two-thirds vote of the Legislature to place an initiative in a originally scheduled June 2011 Special Election Ballot for voter approval. This proposal would provide \$506.4 million to continue to support a number of existing public safety programs including:

- \$181.3 million for Juvenile Probation funding;
- \$107.1 million for the Citizens Option for Public Safety (COPS) Program;
- \$107.1 million for the Juvenile Justice Crime Prevention Act;
- \$ 57.4 million for various public safety program grants;
- \$ 35.0 million for Jail Booking Fee Subventions; and
- \$ 18.5 million for the Small/Rural Sheriffs Program.

Updated May Revision Realignment Proposal

The May Revision reduces the previous statewide allocation of \$506.4 million by \$2.0 million to \$504.4 million.

Existing County Programs

In February 2009, the Governor and the Legislature enacted legislation to shift funding for local public safety programs from the State General Fund to the VLF. The legislation temporarily increased the VLF by 0.65 percent and directed 0.15 percent of the increase to the Local Safety and Protection Account. The funding received from this account is allocated to the Probation Department, the Sheriff's Department, and the District Attorney.

Estimated County Impact From the May Revision Realignment Proposal

The Realignment Proposal does not contain sufficient information to determine actual County impact at this time. However, the proposal would fund these County-administered programs under the same funding formula that currently exists with the exception of booking fees which would be fixed at \$35.0 million. **Los Angeles County would receive approximately \$135.7 million, as follows:**

- **Juvenile Probation Funding:** According to the Probation Department, the County would assume an estimated \$74.8 million in additional program responsibilities.
- **Citizens Option for Public Safety Program:** Based on 18.6 percent of the statewide caseload, the County would assume an estimated \$19.9 million in additional program responsibilities.
- **Juvenile Justice Crime Prevention Act:** According to the Probation Department, the County would assume an estimated \$25.2 million in additional program responsibilities.
- **Various of public safety program grants:** Based on 25.0 percent of the statewide caseload, the County would assume an estimated \$14.4 million in additional program responsibilities.
- **Jail Booking Fee Subventions:** Based on 4.0 percent of the statewide caseload, the County would assume an estimated \$1.4 million in additional program responsibilities.

Existing Mandates

Federal Mandate: None

State Mandate: These are State-funded programs.

County Risk Assessment (Issues/Concerns):

- The VLF Program funding should be reauthorized for current programs before realignment can be considered.
- Vehicle License Fee Program funding needs to be approved permanently and not just for a 5-year period.
- If alternative funding sources are not identified, the following County departments would be affected:
 - The Probation Department indicates that the loss of VLF revenues would result in the closing of up to 12 juvenile camps and the elimination or reduction of several juvenile community-based prevention programs.
 - The District Attorney's Office indicates that the loss of VLF revenues would result in a 33.0 percent reduction in attorneys assigned to the Hardcore Gang and Major Narcotics Division and the Elder Abuse Section.
 - The Sheriff's Department indicates that the loss of VLF revenues would affect programs including: COPS, Booking Fees, Multi-jurisdictional Methamphetamine Enforcement Team and High Technology Theft Apprehension and Prosecution Programs.

Potential County Risk Mitigation Recommendations

- Introduce legislation to extend the VLF funding for local public safety programs, 2011 ballot measure to extend tax increases is not approved by voters.
- Provide a Constitutional guarantee to permanently fund these programs.

COURT SECURITY

Proposal

The February 25, 2011 Realignment Proposal would shift \$485.0 million in financial responsibilities from the State to counties for court security activities. According to the Administration, the State has a role in court security standards, but has no control over service levels. The staffing level of security in each of the trial courts that utilize sheriffs are negotiated between the presiding judge and the county sheriff with the courts reimbursing the counties for their costs. Under this proposal, funding and responsibility for court security would transfer to the counties, allowing courts and counties to negotiate service levels and agreements locally. Responsibility for court security would remain with county sheriff departments.

Updated May Revision Realignment Proposal

The May Revision proposes additional resources in the amount of \$2.5 million to be allocated for courts to address the added costs associated with parole revocation hearings. Additionally, an inflation factor of 2.2 percent has been applied to the proposed amount resulting in a new total allocation of \$497.8 million.

Existing County Program

Currently, the Sheriff's Department has the responsibility to provide security services to the Courts. The Sheriff's Department's baseline funding for Trial Courts in FY 2010-11 is \$159.2 million, as follows:

State:	\$159.2 million
Federal:	\$ 0.0
County:	\$ 0.0
Total:	\$159.2 million

Caseload: None

Estimated County Impact From the May Revision Realignment Proposal

The Realignment Proposal does not contain adequate information to determine the potential impact. However, if proposed allocations remain unchanged from the May Revision Realignment Proposal, the County would receive an estimated \$164.3 million for court security activities which includes an increased allocation associated with parole revocation hearings.

Existing Mandates

State Mandate:

- Court Security is required under Government Code Sections 69925, 69926, and 77000-77013.

County Risk Assessment (Issues/Concerns)

- The Sheriff's Department indicates that fixed funding for court security would not allow for growth or adjustments to accommodate current and future security needs.

- The Legislative Analyst's Office indicates that this proposal is problematic. Absent fiscal control, the courts would have difficulty ensuring that sheriffs provide sufficient security measures.
- The Legislative Analyst's Office recommends clarifying that the State is responsible for trial court security and adopting a separate State law change authorizing the State to use a competitive bid process to contract these services with private or public entities, including sheriffs.

Potential County Risk Mitigation Recommendations

- The Sheriff's Department indicates that State funding should include supervisory and retiree health costs, which are currently excluded.
- The Sheriff's Department indicates that funding adjustments should be provided annually/regularly to allow for growth or adjustments to accommodate growing future security needs.

Cal-FIRE

Proposal

The February 25, 2011 Realignment Proposal would shift financial and program responsibilities for fire protection services and medical emergency response from Cal-FIRE to local jurisdictions in State Responsibility Areas (SRAs). The Proposal would limit the transfer of State Cal-FIRE responsibilities to the six contract counties that currently provide fire protection services in SRAs. The amount of \$52.0 million, which happens to be the current total for these contracts, would be split between these counties. The Department of Finance had indicated that each county would receive their current level of funding under this proposal.

Updated May Revision Realignment Proposal

The May Revision removes fire protection services from the Realignment Proposal.

Existing County Program

The State contracts through Cal-FIRE with the Fire Department to provide protection in State Responsibility Areas. The total contract for FY 2009-10 was \$17.8 million (FY 2010-11 contract rates not yet published), which was approximately 31.0 percent of the cost to operate 23 fire stations to protect SRA lands. The existing contract does not include as-needed emergency funding for large-scale incidents.

Federal:	\$ 0.0
State:	\$17.8 million
County:	\$ 0.0
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Program Total:	\$17.8 million

Estimated County Impact From the May Revision Realignment Proposal

No impact because the program would not be realigned to the County.

Existing Mandates

None. This service is provided via negotiated contract.

EXISTING JUVENILE JUSTICE REALIGNMENT; CURRENT PUBLIC SAFETY STATE MANDATED PROGRAMS; AND STATE PENALTY FUNDS SUBVENED TO LOCALS

The February 25, 2011 Realignment Proposal would shift \$194.9 million in funding for the following three programs:

I. EXISTING JUVENILE JUSTICE REALIGNMENT

The February 25, 2011 Revised Realignment Proposal would shift \$103.5 million statewide in grant funding to support housing and supervision of juvenile offenders at the local level for the following programs:

- \$93.5 million for the Youthful Offender Block Grant
- \$10.0 million (\$3.7 million in FY 2011-12) for Juvenile Reentry services (AB 1628, Chapter Statutes of 2010) which shifted the supervision of juvenile parolees from the State to counties.

Updated May Revision Realignment Proposal

The May Revision proposes no changes to this program.

Estimated County Impact From the May Revision Realignment Proposal

The Probation Department indicates that the County would receive approximately \$22.0 million for the Youthful Offender Block Grant and \$1.0 million to \$3.0 million for Juvenile Reentry services.

Issues/Concerns

- Funding for these programs will not be sufficient if the Administration's revenue projections are underestimated or not achieved.
- The shift in funding source for these programs will be subject to voter approval at a 2011 Special Election and the amount of the funding could be reduced if the revenue from the extended taxes falls below the states projections.

II. CURRENT PUBLIC SAFETY STATE MANDATED PROGRAMS

The February 25, 2011 Revised Realignment Proposal would shift \$50.9 million in reimbursable State mandates for various law enforcement activities to counties including: domestic violence arrest policies and victim assistance and treatment services; rape victim counseling; child abduction and recovery services; and assessments of inmates as sexually violent predators.

Updated May Revision Realignment Proposal

The May Revision removes the Public Safety Mandates Programs from the Realignment Proposal.

Existing County Program

According to the Auditor-Controller, overall baseline for public safety mandate programs is approximately \$12.78, and the breakdown is as follows:

Sexually Violent Predators	\$10.02 million
Child Abduction and Recovery Services	\$ 2.57 million
Domestic Violence Arrest Policies & Standards	\$ 0.17 million
Rape Victim Counseling	\$ 0.02 million
Total	\$12.78 million

Estimated County Impact From the May Revision Realignment Proposal

No impact because the program would not be realigned to the County.

III. STATE PENALTY FUNDS SUBVENED TO LOCALS

The Revised Realignment Proposal would shift the following responsibilities to counties:

- \$21.0 million for training of local law enforcement staff; and
- \$19.5 million for training for local custody staff.

Updated May Revision Realignment Proposal

The May Revision removes State Penalty Funds Subventions to Locals from the Realignment Proposal.

Existing County Program

The Probation Department indicates that its overall baseline funding level for training activities is approximately \$2.0 million. The Sheriff's Department indicates that the overall baseline for law enforcement training is approximately \$0.4 million and custody staff training is approximately \$2.2 million.

Estimated County Impact From the May Revision Realignment Proposal

No impact because the program would not be realigned to the County.